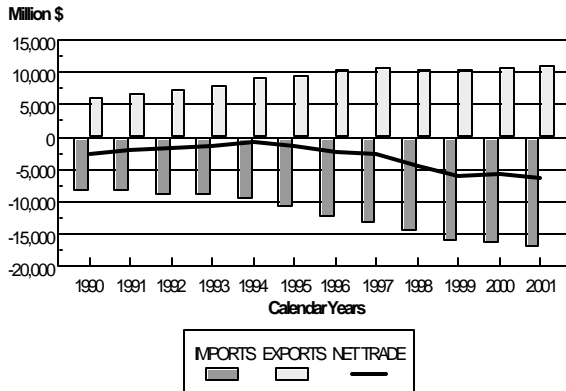
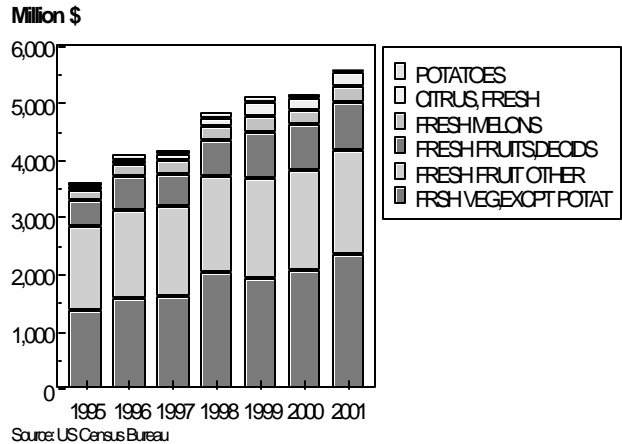


U.S. Horticultural Import Trends

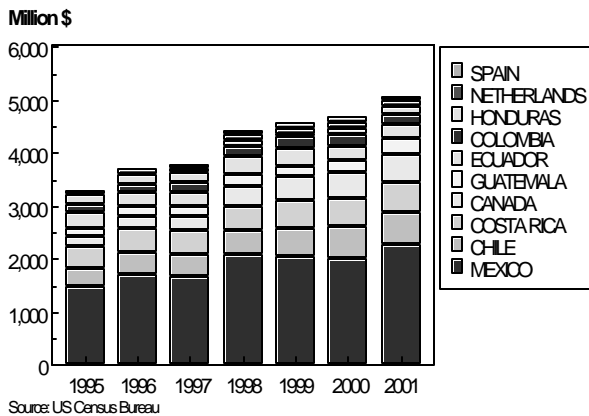
U.S. Horticultural Trade Continues to Expand



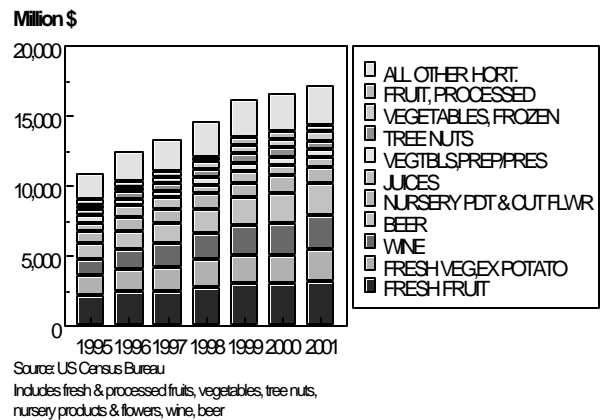
U.S. Imports of Fresh Fruits and Vegetables



U.S. Imports of Fresh Fruits & Vegetables - Key Suppliers



U.S. Imports of Horticultural Products



U.S. Horticultural Import Trends

U.S. HORTICULTURAL IMPORTS - OVERVIEW

- Over the period 1991-2001, **U.S. imports of horticultural products more than doubled** (from \$8.6 billion to \$17.2 billion). In contrast, U.S. exports of horticultural products over the same period expanded by 66 percent (rising from \$6.6 billion to \$11 billion).
- **Import penetration in the U.S. fruit and vegetable industry has increased significantly** in recent years. **Imports of fresh fruit** excluding melons, but including bananas **rose** from 34.7 percent of fresh domestic consumption in 1990 **to 42 percent in 2000**. Excluding bananas and melons, imports of fresh fruit rose from 11.6 percent to 19 percent of fresh domestic consumption during the same period.
- Tropical fruit consumption has been rising significantly at the same time as domestic production has been falling. In this regard, Mexico supplies almost all of the mangos, papayas, and limes consumed in the United States. (ERS data)
- **Imports of fresh vegetables and melons rose** from 6.9 percent of fresh domestic consumption in 1990 **to 13.6 percent in 2000**.
- Most imports of horticultural products (with some notable exceptions, such as EU wine and India cashews) are sourced from Western Hemisphere suppliers, most notably the NAFTA partners of Mexico and Canada.

KEY FACTORS BEHIND THE RISE IN IMPORTS

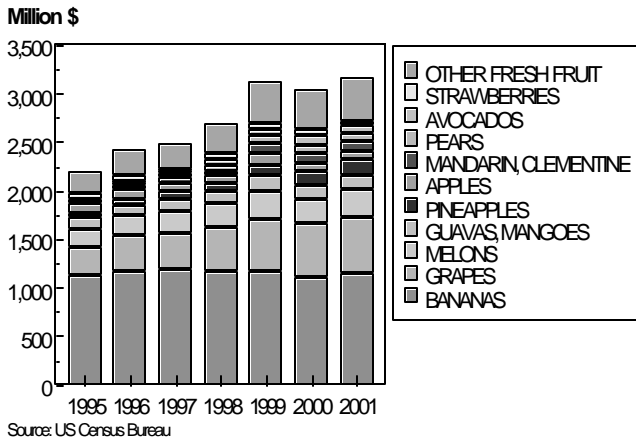
- **Relatively open U.S. import regime** (U.S. agricultural tariffs average 12 percent compared with the global average of 62 percent)
- The **strong dollar** (the nominal trade-weighted value of the dollar against major currencies rose 20 percent from 1991 to 2001, (Federal Reserve))
- The U.S. **population** grew from about 253 million in 1991 to 280 million in 2001.
- U.S. **GDP per capita rose** from \$24,000 in 1991 to about \$35,000 in 2001.
- Evolving consumer preferences, including, for example, increased demand for year-round availability of fresh fruits and vegetables. **Total per capita use of fruits and vegetables rose 19 percent from 1982 to 1997** (ERS data on 129 products)
- Increased **consumer awareness** of the role that fruits and vegetables play in a healthy diet (e.g., 5-a-Day for Better Health).
- Supermarkets now carry over 400 produce items compared with 250 in the late 1980's.
- Increased consumption of wine for health and social reasons.

BENEFITS OF FURTHER TRADE LIBERALIZATION

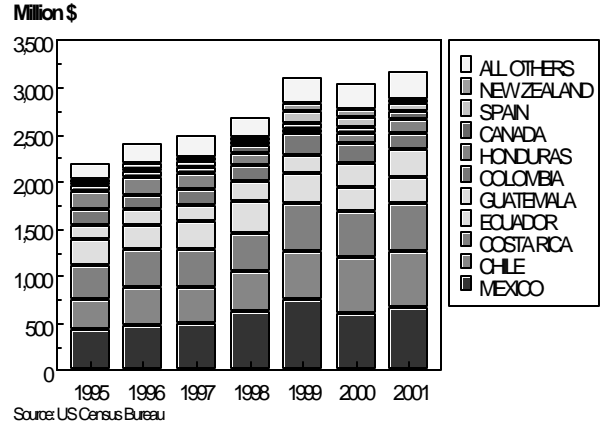
- Despite the growing trade imbalance, the United States would benefit from lower trade barriers through new and expanded export opportunities for its growers, processors and exporters.
- A more open world trade regime would serve to increase world access to other key markets, lessening reliance by foreign suppliers on the U.S. market, which can be seen within the current global trading environment as essentially being "the only game in town."
- U.S. exports of horticultural products are destined primarily to countries outside of the FTAA. Negotiations to lower tariff barriers in these countries would create substantial growth opportunities for U.S. exports.

U.S. Horticultural Import Trends

U.S. Imports of Fresh Fruits



U.S. Imports of Fresh Fruits - Key Suppliers



FRUIT IMPORT HIGHLIGHTS

- **Temperate fruit imports** have grown considerably, particularly grapes and melons. However, **imports of these products follow a highly seasonal pattern**, with imports peaking in the late fall through early spring and dropping to very low levels during June through October. These imports generally complement the U.S. marketing season for these fruits.
- **Latin America is the primary supplier of fresh and frozen fruit**, while Southeast Asian countries are the lead suppliers of canned fruit.
- **Chile and Mexico** accounted for **34 percent and 30 percent** of U.S. import value of temperate fruits, respectively in 2000.
- **Grapes: imports have grown 82 percent** during the 1995-2000 period. Despite the fact that most grape imports are during the off-season for U.S. grapes, there is substantial overlap between imports and domestically produced grapes during the U.S. marketing season. (Chile is the predominant supplier, followed by Mexico.)

FRUIT IMPORT HIGHLIGHTS

Continued

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- **Melons: Imports have grown 35 percent** during the 1995-2000 period. Despite the seasonality of imports, there is substantial competition between imports and domestically produced melons during the U.S. marketing season. Growing consumption has outpaced growing production of melons. (Mexico is the predominant supplier, followed by Central American countries.)
- **Citrus: Imports of fresh mandarins and clementines have grown from \$18 million in 1995 to \$109 million in 2000**, peaking during the months of Nov.-Jan. in competition with U.S. citrus. Spain, the predominant supplier, now faces an import ban, following the detection of fruit fly larvae in recent shipments.

U.S. Horticultural Import Trends

VEGETABLE IMPORT HIGHLIGHTS

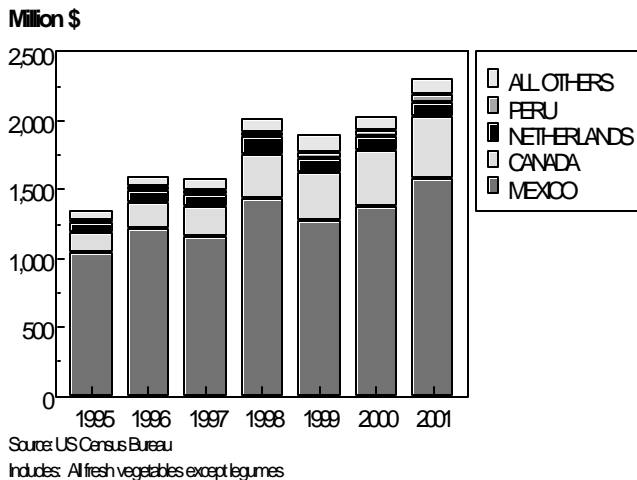
- **Imports of fresh vegetables** have grown considerably, particularly peppers (up 88 percent), cucumbers (up 53 percent), squash (up 53 percent), and asparagus (up 91 percent). **Imports are highly seasonal**, with two-thirds arriving between December and April, when U.S. production is limited. Most of these are warm season crops, including tomatoes, peppers, squash, and cucumbers.
- **Vegetable imports are dominated by Mexico**, with an average 69 percent share, followed by Canada, with a 15 percent share, and the Netherlands, with a 5 percent share.
- **Tomatoes:** Imports rose from \$451 million in 1995 to \$758 million in 1998, but dropped to \$640 in 2000. A high percentage of tomato imports compete head-to-head with U.S. product, leading to significant trade disputes. Mexico is by far the largest supplier, but Canada and the Netherlands have entered the market in recent years.

VEGETABLE IMPORT HIGHLIGHTS

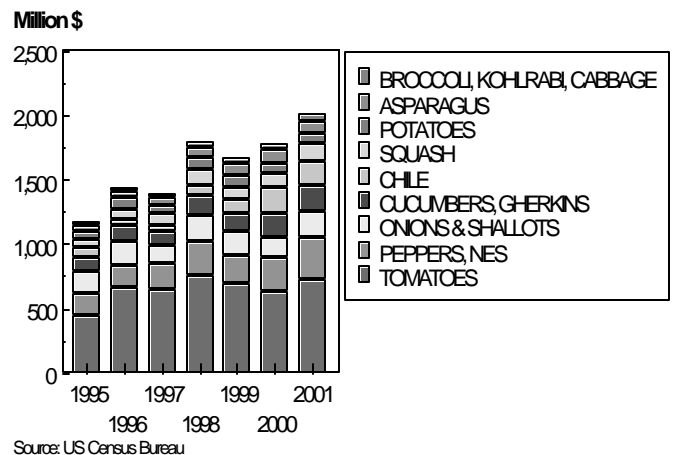
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- **Peppers:** Imports rose from \$242 million in 1995 to \$456 million in 2000, accounting for a growing share of domestic consumption. **Mexico is the predominant supplier**, followed by Canada and the Netherlands. Imports from Mexico have accounted for almost all of the phenomenal growth. Imports peak in the winter before the U.S. marketing season begins in July.
- **Squash:** Imports almost doubled from 1995 to 2000, increasing in value from \$73 million to \$113 million, of which Mexico accounted for almost 99 percent of imports in 2000.
- **Asparagus:** Imports of fresh asparagus have grown from \$60 million in 1995 to \$115 million in 2000, as U.S. fresh consumption has grown from about 70,000 tons to close to 120,000 tons. Almost 95 percent of imports take place during the off-season. Mexico and Peru are the predominant suppliers.

U.S. Imports of Fresh Vegetables - Key Suppliers

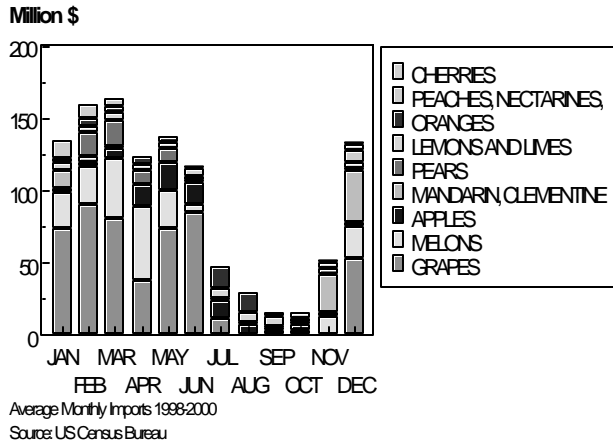


U.S. Imports of Selected Fresh Vegetables



U.S. Horticultural Import Trends

Monthly U.S. Imports of Selected Fresh Fruit



Monthly U.S. Imports of Selected Fresh Vegetables

